UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS

ANTHONY DELLISOLA, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. MONEYGRAM INTERNATIONAL, INC., W. ALEXANDER HOLMES, PAMELA H. PATSLEY, J. COLEY CLARK, VICTOR W. DAHIR, ANTONIO O. GARZA, SETH W. LAWRY, PEGGY VAUGHAN, MICHAEL P. RAFFERTY, GANESH RAO, and W. BRUCE TURNER, Defendants.	Case No. **CLASS ACTION COMPLAINT FOR VIOLATIONS OF SECTIONS 14(a) AND 20(a) OF THE SECURITIES EXCHANGE ACT OF 1934** **JURY TRIAL DEMANDED**

Plaintiff Anthony Dellisola ("Plaintiff"), by his undersigned attorneys, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. This action is brought as a class action by Plaintiff on behalf of himself and the other public holders of the common stock of MoneyGram International, Inc. ("MoneyGram" or the "Company") against MoneyGram and the members of the Company's board of directors (collectively, the "Board" or "Individual Defendants," and, together with MoneyGram, the "Defendants") for their violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78n(a), 78t(a), and SEC Rule 14a-9, 17 C.F.R. 240.14a-9, and Regulation G, 17 C.F.R. § 244.100, in connection with the proposed merger between MoneyGram and Alipay (UK) Limited ("Alipay").

2. On January 26, 2017, MoneyGram announced that it had entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Matrix Acquisition

Corp., a wholly owned subsidiary of Alipay, will merge with and into MoneyGram, with MoneyGram surviving the merger as a wholly owned subsidiary of Alipay (the "Proposed Merger").

3. Pursuant to the terms of the Merger Agreement, MoneyGram shareholders will receive $13.25 in cash in exchange for each MoneyGram common share they own (the "Merger Consideration").

4. The Merger Consideration is insufficient and undervalues the Company. Indeed, analysts have set higher price targets for the Company's common stock, and the Company's stock price closed at $13.00 as recently as January 4, 2017, meaning shareholders are being offered a measly 1.9% premium for their shares. Furthermore, as outlined below, the Merger Consideration is the result of a flawed sales process.

5. On March 2, 2017, in order to convince MoneyGram's shareholders to vote in favor of the Proposed Merger, the Board authorized the filing of a materially incomplete and misleading proxy statement (the "Proxy") with the Securities and Exchange Commission ("SEC"), in violation of Sections 14(a) and 20(a) of the Exchange Act.

6. In particular, the Proxy contains materially incomplete and misleading information concerning: (i) the background to the Proposed Merger; (ii) financial projections for the Company; and (iii) the valuation analyses performed by the Company's financial advisor, BofA Merrill Lynch, in support of its fairness opinion.

7. The special meeting of MoneyGram shareholders to vote on the Proposed Merger is forthcoming. It is imperative that the material information that has been omitted from the Proxy is disclosed to the Company's shareholders prior to the forthcoming shareholder vote so that they can properly exercise their corporate suffrage rights.

8. For these reasons, and as set forth in detail herein, Plaintiff asserts claims against Defendants for violations of Sections 14(a) and 20(a) of the Exchange Act, and Rule 14a-9 and Regulation G, 17 C.F.R. § 244.100. Plaintiff seeks to enjoin Defendants from holding the shareholder vote on the Proposed Merger and taking any steps to consummate the Proposed Merger unless and until the material information discussed below is disclosed to MoneyGram's shareholders sufficiently in advance of the vote on the Proposed Merger or, in the event the Proposed Merger is consummated, to recover damages resulting from the Defendants' violations of the Exchange Act.

JURISDICTION AND VENUE

9. This Court has subject matter jurisdiction pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331 (federal question jurisdiction) as Plaintiff alleges violations of Section 14(a) and 20(a) of the Exchange Act.

10. Personal jurisdiction exists over each Defendant either because the Defendant conducts business in or maintains operations in this District, or is an individual who is either present in this District for jurisdictional purposes or has sufficient minimum contacts with this District as to render the exercise of jurisdiction over Defendant by this Court permissible under traditional notions of fair play and substantial justice.

11. Venue is proper in this District under Section 27 of the Exchange Act, 15 U.S.C. § 78aa, as well as under 28 U.S.C. § 1391, because: (i) the conduct at issue took place and had an effect in this District; (ii) MoneyGram maintains its primary place of business in this District; (iii) a substantial portion of the transactions and wrongs complained of herein, including Defendants' primary participation in the wrongful acts detailed herein, occurred in this District; and (iv) Defendants have received substantial compensation in this District by doing business

here and engaging in numerous activities that had an effect in this District.

PARTIES

12. Plaintiff is, and at all relevant times has been, a shareholder of MoneyGram.

13. Defendant MoneyGram is a Delaware corporation and maintains its principal executive offices in Dallas, Texas. The Company provides payment services to consumers and businesses through a network of agents and its financial institution customers. The Company enables consumers to make payments and to transfer money around the world.

14. Individual Defendant W. Alexander Holmes has served on the Board and as the Company's Chief Executive Officer since January 2016.

15. Individual Defendant Pamela H. Patsley has served as the executive chairman of MoneyGram's Board since 2016.

16. Individual Defendant J. Coley Clark is, and has been at all relevant times, a MoneyGram director.

17. Individual Defendant Victor W. Dahir is, and has been at all relevant times, a MoneyGram director.

18. Individual Defendant Antonio O. Garza is, and has been at all relevant times, a MoneyGram director.

19. Individual Defendant Seth W. Lawry is, and has been at all relevant times, a MoneyGram director.

20. Individual Defendant Peggy Vaughan is, and has been at all relevant times, a MoneyGram director.

21. Individual Defendant Michael P. Rafferty is, and has been at all relevant times, a MoneyGram director.

22. Individual Defendant Ganesh Rao is, and has been at all relevant times, a MoneyGram director.

23. Individual Defendant W. Bruce Turner is, and has been at all relevant times, a MoneyGram director.

CLASS ACTION ALLEGATIONS

24. Plaintiff brings this class action pursuant to Fed. R. Civ. P. 23 on behalf of himself and the other public shareholders of MoneyGram (the "Class"). Excluded from the Class are Defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any Defendant.

25. This action is properly maintainable as a class action because:

a. The Class is so numerous that joinder of all members is impracticable. As of January 26, 2017, there were approximately 52.77 million shares of MoneyGram common stock outstanding, held by hundreds to thousands of individuals and entities scattered throughout the country. The actual number of public shareholders of MoneyGram will be ascertained through discovery;

b. There are questions of law and fact that are common to the Class that predominate over any questions affecting only individual members, including the following:

i) whether Defendants have misrepresented or omitted material information concerning the Proposed Merger in the Proxy in violation of Section 14(a) of the Exchange Act;

ii) whether the Individual Defendants have violated Section 20(a) of the Exchange Act; and

iii) whether Plaintiff and other members of the Class will suffer irreparable harm if compelled to vote their shares regarding the Proposed Merger based on the materially incomplete and misleading Proxy.

c. Plaintiff is an adequate representative of the Class, has retained competent counsel experienced in litigation of this nature, and will fairly and adequately protect the interests of the Class;

d. Plaintiff's claims are typical of the claims of the other members of the Class and Plaintiff does not have any interests adverse to the Class;

e. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for the party opposing the Class;

f. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole; and

g. A class action is superior to other available methods for fairly and efficiently adjudicating the controversy.

SUBSTANTIVE ALLEGATIONS

I. The Merger Consideration is the Result of a Flawed Sales Process and Fails to Adequately Compensate Plaintiff and the Class for Their MoneyGram Shares

26. MoneyGram was founded in 1926 and is headquartered in Dallas, Texas. The Company provides money transfer and payment services in the United States and internationally. The Company operates in two segments, Global Funds Transfer and Financial Paper Products.

The Global Funds Transfer segment provides money transfer and bill payment services primarily to unbanked and underbanked consumers. Its bill payment services allow consumers to make bill payments, pay routine bills, or load and reload prepaid debit cards with cash at an agent location, company-operated locations, or through moneygram.com with a credit or debit card, as well as through kiosks, ATMs, prepaid cards, and direct-to-bank account products. The Financial Paper Products segment provides money orders to consumers through its retail agents and financial institutions, and offers official check outsourcing services for financial institutions. This segment sells its money orders under the MoneyGram brand and on a private label or co-branded basis with retail and financial institution agents.

27. The Merger Consideration MoneyGram shareholders stand to receive if the Proposed Merger is consummated fails to adequately compensate them for their shares.

28. The offer price is below the price target analysts have set for the Company, and is significantly below the share price indicated by certain valuation analyses performed by the Company's financial advisor. The Merger Consideration also represents a measly premium compared to the Company's 52-week high closing price.

29. The Merger Consideration is also inadequate in light of the Company's recent financial performance. Indeed, between October 2016 and January 2017 the Company's stock price increased by approximately 117%, as reflected in the graph below:

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12
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8
6

30. In an article published on investor news website *Seeking Alpha* on November 16, 2016, the author noted that the Company's recent stock surge was driven by more than just the 2016 election results. Specifically, the article noted that: "The business has finally changed enough to withstand the digitalizing industry and monetize the advantages offered by the physical locations; Digitalization efforts and investments made over the last few years are starting to bear fruit; and the [Company's] recent partnership with Wal-Mart should act as a major sentiment booster.[1] The article went on to state:

> Besides the efforts to boost the topline growth, discussed above, there is an impressive improvement on the profitability and cash flow front as well. Shrinking costs have led to an expansion in operating margin, EBITDA and EPS, while free cash flow generation has helped the company exceed full year cash flow expectations in just nine months. Capital expenditure has declined from 7% of revenue last year to 5%, close to the sustainable run rate. By next year, the tax rate is also expected to decline from

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[1] Darspal S. Mann, *MoneyGram: More Than Just A Trump Effect*, Seeking Alpha (Nov. 16, 2016 11:22 AM), http://seekingalpha.com/article/4023939-moneygram-just-trump-effect.

> 40% to the upper 20s. All this positive margin and cash flow momentum is falling through to help the leverage, which is down to 3.45 from 3.95 last year.

31. In other words, MoneyGram is poised for a period of significant financial growth, and the Merger Consideration inadequately compensates shareholders for their shares while depriving them of the ability to partake in the Company's promising upside.

32. The inadequate Merger Consideration is the result of a flawed sales process. Specifically, the Proxy indicates that the Board did not expand its search for strategic alternatives to maximize shareholder value with a sufficient number of third parties.

33. In sum, the Merger Consideration fails to adequately compensate MoneyGram shareholders, and is the resulted of a flawed sales process during which Company management and the Board failed to conduct a sufficient and robust review of strategic alternatives and instead focused on procuring unique personal benefits for themselves.

II. The Merger Agreement's Deal Protection Provisions Deter Superior Offers

34. In addition to failing to conduct a fair and reasonable sales process, the Individual Defendants agreed to certain deal protection provisions in the Merger Agreement that operate conjunctively to deter other suitors from submitting a superior offer for MoneyGram.

35. First, the Merger Agreement contains a no solicitation provision that prohibits the Company or the Individual Defendants from taking any affirmative action to obtain a better deal for MoneyGram shareholders. Specifically, the Merger Agreement generally states that the Company and the Individual Defendants shall not: (i) initiate, solicit, propose or knowingly encourage or knowingly facilitate any inquiry or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, an acquisition proposal; (ii) engage in, continue or otherwise participate in any discussions or negotiations relating to any acquisition

proposal; or (iii) provide any non-public information to any person in connection with any acquisition proposal.

36. Additionally, the Merger Agreement grants Alipay recurring and unlimited matching rights, which provides it with: (i) unfettered access to confidential, non-public information about competing proposals from third parties which it can use to prepare a matching bid; and (ii) several days to negotiate with MoneyGram, amend the terms of the Merger Agreement and make a counter-offer in the event a superior offer is received.

37. The non-solicitation and matching rights provisions essentially ensure that a superior bidder will not emerge, as any potential suitor will undoubtedly be deterred from expending the time, cost, and effort of making a superior proposal while knowing that Alipay can easily foreclose a competing bid. As a result, these provisions unreasonably favor Alipay, to the detriment of MoneyGram's public shareholders.

38. Lastly, the Merger Agreement provides that MoneyGram must pay Alipay a termination fee of $30 million in the event the Company elects to terminate the Merger Agreement to pursue a superior proposal. The termination fee provision further ensures that no competing offer will emerge, as any competing bidder would have to pay a naked premium for the right to provide MoneyGram shareholders with a superior offer.

39. Ultimately, these preclusive deal protection provisions restrain MoneyGram's ability to solicit or engage in negotiations with any third party regarding a proposal to acquire all or a significant interest in the Company.

40. Given that the preclusive deal protection provisions in the Merger Agreement impede a superior bidder from emerging, it is imperative that MoneyGram's shareholders receive all material information necessary for them to cast a fully informed vote at the shareholder

meeting concerning the Proposed Merger.

III. The Materially Incomplete and Misleading Proxy

41. On March 2, 2017, MoneyGram filed the Proxy with the SEC in connection with the Proposed Merger. The Proxy solicits the Company's shareholders to vote in favor of the Proposed Merger. The Individual Defendants were obligated to carefully review the Proxy before it was filed with the SEC and disseminated to the Company's shareholders to ensure that it did not contain any material misrepresentations or omissions. However, the Proxy misrepresents and/or omits material information that is necessary for the Company's shareholders to make an informed decision concerning whether to vote in favor of the Proposed Merger, in violation of Sections 14(a) and 20(a) of the Exchange Act.

42. First, the Proxy fails to provide material information concerning the Company's financial projections. Specifically, the Proxy provides projections for the non-GAAP metric Adjusted EBITDA, but fails to provide line item projections for the metrics used to calculate Adjusted EBITDA or otherwise reconcile the non-GAAP projections to GAAP.

43. When a company discloses information in a Proxy that includes non-GAAP financial measures, the Company must also disclose comparable GAAP measures and a quantitative reconciliation of forward-looking information. 17 C.F.R. § 244.100.

44. Indeed, the SEC has recently increased its scrutiny of the use of non-GAAP financial measures in communications with shareholders. The SEC Chairwoman, Mary Jo White, recently stated that the frequent use by publicly traded companies of unique company-specific non-GAAP financial measures (as MoneyGram has included in the Proxy here), implicates the centerpiece of the SEC's disclosures regime:

> In too many cases, the non-GAAP information, which is meant to supplement the GAAP information, has become the key message to investors, crowding out and effectively supplanting the GAAP

> presentation. Jim Schnurr, our Chief Accountant, Mark Kronforst, our Chief Accountant in the Division of Corporation Finance and I, along with other members of the staff, have spoken out frequently about our concerns to raise the awareness of boards, management and investors. And last month, the staff issued guidance addressing a number of troublesome practices *which can make non-GAAP disclosures misleading*: the lack of equal or greater prominence for GAAP measures; exclusion of normal, recurring cash operating expenses; individually tailored non-GAAP revenues; lack of consistency; cherry-picking; and the use of cash per share data. I strongly urge companies to carefully consider this guidance and revisit their approach to non-GAAP disclosures. I also urge again, as I did last December, that appropriate controls be considered and that audit committees carefully oversee their company's use of non-GAAP measures and disclosures.

45. In recent months, the SEC has repeatedly emphasized that disclosure of non-GAAP projections can be inherently misleading, and has therefore heighted its scrutiny of the use of such projections.[2] Indeed, on May 17, 2016, the SEC's Division of Corporation Finance released new and updated Compliance and Disclosure Interpretations ("C&DIs") on the use of non-GAAP financial measures that demonstrate the SEC's tightening policy.[3] One of the new C&DIs regarding forward-looking information, such as financial projections, explicitly requires companies to provide *any* reconciling metrics that are available without unreasonable efforts.

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[2] *See, e.g.*, Nicolas Grabar and Sandra Flow, *Non-GAAP Financial Measures: The SEC's Evolving Views*, Harvard Law School Forum on Corporate Governance and Financial Regulation (June 24, 2016), https://corpgov.law.harvard.edu/2016/06/24/non-gaap-financial-measures-the-secs-evolving-views/; Gretchen Morgenson, *Fantasy Math Is Helping Companies Spin Losses Into Profits*, N.Y. Times, Apr. 22, 2016, http://www.nytimes.com/2016/04/24/business/fantasy-math-is-helping-companies-spin-losses-into-profits.html?_r=0.

[3] *Non-GAAP Financial Measures, Compliance & Disclosure Interpretations*, U.S. SECURITIES AND EXCHANGE COMMISSION (May 17, 2017), https://www.sec.gov/divisions/corpfin/guidance/nongaapinterp.htm.

46. The above-referenced line item projections that have been omitted from the Proxy are precisely the types of "reconciling metrics" that the SEC has recently indicated should be disclosed to render non-GAAP financial projections not misleading to shareholders.

47. In order to make the non-GAAP projections on page 53 of the Proxy not misleading, Defendants must disclose a reconciliation table of Adjusted EBITDA to the most directly comparable GAAP measure, and/or the line item projections for the various metrics that were used to calculate Adjusted EBITDA set forth in footnote 1 on page 53 of the Proxy.

48. The Proxy also fails to disclose the standalone unlevered, after-tax free cash flows that MoneyGram was forecasted to generate during MoneyGram's fiscal year 2017 through fiscal year 2020, which are material to MoneyGram shareholders because they are being offered all-cash consideration for their shares. The Proxy notes that such projections exist and were utilized by BofA Merrill Lynch in connection with its valuation analyses. Under sound corporate finance theory, the value of stock should be premised on the expected future cash flows of the corporation; accordingly, the question that MoneyGram shareholders need to assess in determining whether to vote for the Proposed Merger is clear: is the Merger Consideration being offered now fair in light of the free cash flows that MoneyGram is expected to generate? Without these unlevered free cash flow projections, MoneyGram shareholders will be unable to answer this question and assess the fairness of the Merger Consideration. The omission of such projections renders the projections set forth on page 53 of the Proxy and the summary of BofA Merrill Lynch's *Discounted Cash Flow Analysis* on page 50 of the Proxy materially incomplete and misleading.

49. Indeed, financial experts agree that projections for Non-GAAP Adjusted EBITDA, which are included in the Proxy here, are not a sufficient substitute for cash flow

projections when attempting to understand the value of a company. As Warren Buffet and other financial experts have stated: "References to EBITDA make us shudder. Too many investors focus on earnings before interest, taxes, depreciation and amortization. That makes sense, only if you think capital expenditures are funded by the tooth fairy."[4]

50. Relying solely on Adjusted EBITDA to provide a fair summary of a company's financial prospects has numerous pitfalls. Adjusted EBITDA does not take into account any capital expenditures, working capital requirements, current debt payments, taxes, or other fixed costs which are critical to understanding a company's value. As a result of these material differences between Adjusted EBITDA and unlevered free cash flow, many analysts recognize unlevered free cash flow as a much more accurate measure when it comes to analyzing the expected performance of a company. Disclosing Adjusted EBITDA projections without cash flow projections is therefore inherently misleading.

51. If corporate directors and officers choose to disclose financial projections in a proxy statement, they must provide complete and accurate projections, not merely excerpts of certain sets or line items of projections. The question here is not the duty to speak, but liability for not having spoken enough. With regard to future events, uncertain figures, and other so-called soft information, a company may choose silence or speech elaborated by the factual basis as then known--but it may not choose half-truths.

52. The Proxy also fails to provide sufficient information for shareholders to assess the valuation analyses performed by BofA Merrill Lynch in support of its fairness opinion.

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[4] Elizabeth MacDonald, *The Ebitda folly*, FORBES (March 17, 2003), http://www.forbes.com/global/2003/0317/024.html.

53. With respect to BofA Merrill Lynch's *Selected Publicly Traded Companies Analysis* and *Selected Precedent Transactions Analysis*, the Proxy fails to disclose the individual multiples for each transaction and company utilized. As a result of these omissions, shareholders are unable to assess whether BofA Merrill Lynch applied appropriate multiples, or, instead, applied unreasonably low multiples in order to drive down the implied share price ranges. The omission of such information renders the summaries of these valuation analyses and the implied share price ranges on pages 47-50 of the Proxy misleading.

54. With respect to BofA Merrill Lynch's *Discounted Cash Flow Analysis*, the Proxy fails to disclose the terminal pricing multiples and the assumptions used to calculate the weighted average cost of capital. The omission of this material financial information renders the summary of BofA Merrill Lynch's *Discounted Cash Flow Analysis* on page 50 of the Proxy and the implied present value range set forth therein incomplete and misleading.

55. Indeed, as a highly-respected professor explained in one of the most thorough law review articles regarding the fundamental flaws with the valuation analyses bankers perform in support of fairness opinions, in a discounted cash flow analysis a banker takes management's forecasts, and then makes several key choices "each of which can significantly affect the final valuation." Steven M. Davidoff, *Fairness Opinions*, 55 Am. U.L. Rev. 1557, 1576 (2006). Such choices include "the appropriate discount rate, and the terminal value…" *Id.* As Professor Davidoff explains:

> **There is substantial leeway to determine each of these, and any change can markedly affect the discounted cash flow value. For example, a change in the discount rate by one percent on a stream of cash flows in the billions of dollars can change the discounted cash flow value by tens if not hundreds of millions of dollars**….This issue arises not only with a discounted cash flow analysis, but with each of the other valuation techniques. **This dazzling variability makes it difficult to rely, compare, or**

> **analyze the valuations underlying a fairness opinion unless full disclosure is made of the various inputs in the valuation process, the weight assigned for each, and the rationale underlying these choices.** The substantial discretion and lack of guidelines and standards also makes the process vulnerable to manipulation to arrive at the "right" answer for fairness. This raises a further dilemma in light of the conflicted nature of the investment banks who often provide these opinions. *Id.* at 1577-78.

56. Lastly, with respect to the "*Background of the Merger*" section, the Proxy notes that MoneyGram entered into confidentiality and standstill agreements with various parties that expressed an interest in acquiring the Company. Proxy 30-31. However, the Proxy fails to disclose whether the agreements contained "don't ask don't waive" provisions that prohibit the interested parties from making any public or private request that MoneyGram waive the standstill restrictions, and further fails to disclose whether or not the standstill provisions remain in place or fell away upon the signing of the Merger Agreement. MoneyGram shareholders would undoubtedly find such information material, as it relates directly to whether or not other interested bidders are now contractually prohibited from making them a superior offer. The omission of this information renders the vague reference to the confidentiality agreements on pages 30-31 of the Proxy incomplete and misleading.

57. In sum, the omission of the above-referenced information renders statements in the Proxy materially incomplete and misleading in contravention of the Exchange Act. Absent disclosure of the foregoing material information prior to the special shareholder meeting to vote on the Proposed Merger, Plaintiff and the other members of the Class will be unable to make a fully-informed decision regarding whether to vote in favor of the Proposed Merger, and they are thus threatened with irreparable harm, warranting the injunctive relief sought herein.

COUNT I

(Against All Defendants for Violations of Section 14(a) of the Exchange Act and Rule 14a-9 and 17 C.F.R. § 244.100 Promulgated Thereunder)

58. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

59. Section 14(a)(1) of the Exchange Act makes it "unlawful for any person, by the use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, to solicit or to permit the use of his name to solicit any proxy or consent or authorization in respect of any security (other than an exempted security) registered pursuant to section 78l of this title." 15 U.S.C. § 78n(a)(1).

60. Rule 14a-9, promulgated by the SEC pursuant to Section 14(a) of the Exchange Act, provides that Proxy communications with shareholders shall not contain "any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading." 17 C.F.R. § 240.14a-9.

61. SEC Regulation G has two requirements: (1) a general disclosure requirement; and (2) a reconciliation requirement. The general disclosure requirement prohibits "mak[ing] public a non-GAAP financial measure that, taken together with the information accompanying that measure, contains an untrue statement of a material fact or *omits to state a material fact necessary in order to make the presentation of the non-GAAP financial measure…not misleading*." 17 C.F.R. § 244.100(b). The reconciliation requirement requires an issuer that chooses to disclose a non-GAAP measure to provide a presentation of the "most directly

comparable" GAAP measure, and a reconciliation "by schedule or other clearly understandable method" of the non-GAAP measure to the "most directly comparable" GAAP measure. 17 C.F.R. § 244.100(a). As set forth above, the Proxy omits information required by SEC Regulation G, 17 C.F.R. § 244.100.

62. The omission of information from a proxy statement will violate Section 14(a) and Rule 14a-9 if other SEC regulations specifically require disclosure of the omitted information.

63. Defendants have issued the Proxy with the intention of soliciting shareholder support for the Proposed Merger. Each of the Defendants reviewed and authorized the dissemination of the Proxy, which fails to provide critical information regarding, amongst other things: (i) the background to the Proposed Merger; (ii) financial projections for the Company; and (iii) the valuation analyses performed by the Company's financial advisor.

64. In so doing, Defendants made untrue statements of fact and/or omitted material facts necessary to make the statements made not misleading. Each of the Individual Defendants, by virtue of their roles as officers and/or directors, were aware of the omitted information but failed to disclose such information, in violation of Section 14(a). The Individual Defendants were therefore negligent, as they had reasonable grounds to believe material facts existed that were misstated or omitted from the Proxy, but nonetheless failed to obtain and disclose such information to shareholders although they could have done so without extraordinary effort.

65. The Individual Defendants knew or were negligent in not knowing that the Proxy is materially misleading and omits material facts that are necessary to render it not misleading. The Individual Defendants undoubtedly reviewed and relied upon most if not all of the omitted information identified above in connection with their decision to approve and recommend the

Proposed Merger; indeed, the Proxy states that BofA Merrill Lynch reviewed and discussed their financial analyses with the Board, and further states that the Board considered both the financial analyses provided by BofA Merrill Lynch as well as its fairness opinion and the assumptions made and matters considered in connection therewith. Further, the Individual Defendants were privy to and had knowledge of the projections for the Company and the details surrounding the process leading up to the signing of the Merger Agreement. The Individual Defendants knew or were negligent in not knowing that the material information identified above has been omitted from the Proxy, rendering the sections of the Proxy identified above to be materially incomplete and misleading. Indeed, the Individual Defendants were required to review BofA Merrill Lynch's analyses in connection with their receipt of the fairness opinions, question BofA Merrill Lynch as to its derivation of fairness, and be particularly attentive to the procedures followed in preparing the Proxy and review it carefully before it was disseminated, to corroborate that there are no material misstatements or omissions.

66. The Individual Defendants were, at the very least, negligent in preparing and reviewing the Proxy. The preparation of a proxy statement by corporate insiders containing materially false or misleading statements or omitting a material fact constitutes negligence. The Individual Defendants were negligent in choosing to omit material information from the Proxy or failing to notice the material omissions in the Proxy upon reviewing it, which they were required to do carefully as the Company's directors. Indeed, the Individual Defendants were intricately involved in the process leading up to the signing of the Merger Agreement and the preparation of the Company's financial projections.

67. MoneyGram is also deemed negligent as a result of the Individual Defendants' negligence in preparing and reviewing the Proxy.

68. The misrepresentations and omissions in the Proxy are material to Plaintiff and the Class, who will be deprived of their right to cast an informed vote if such misrepresentations and omissions are not corrected prior to the vote on the Proposed Merger. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that Defendants' actions threaten to inflict.

COUNT II

(Against the Individual Defendants for Violations of Section 20(a) of the Exchange Act)

69. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

70. The Individual Defendants acted as controlling persons of MoneyGram within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their positions as officers and/or directors of MoneyGram, and participation in and/or awareness of the Company's operations and/or intimate knowledge of the incomplete and misleading statements contained in the Proxy filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision making of the Company, including the content and dissemination of the various statements that Plaintiff contends are materially incomplete and misleading.

71. Each of the Individual Defendants was provided with or had unlimited access to copies of the Proxy and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

72. In particular, each of the Individual Defendants had direct and supervisory

involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the Exchange Act violations alleged herein, and exercised the same. The Proxy at issue contains the unanimous recommendation of each of the Individual Defendants to approve the Proposed Merger. They were thus directly involved in preparing this document.

73. In addition, as the Proxy sets forth at length, and as described herein, the Individual Defendants were involved in negotiating, reviewing, and approving the Merger Agreement. The Proxy purports to describe the various issues and information that the Individual Defendants reviewed and considered. The Individual Defendants participated in drafting and/or gave their input on the content of those descriptions.

74. By virtue of the foregoing, the Individual Defendants have violated Section 20(a) of the Exchange Act.

75. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(a) and Rule 14a-9 by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Individual Defendants' conduct, Plaintiff will be irreparably harmed.

76. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that Defendants' actions threaten to inflict.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment and relief as follows:

A. Declaring that this action is properly maintainable as a Class Action and certifying Plaintiff as Class Representative and his counsel as Class Counsel;

B. Enjoining Defendants and all persons acting in concert with them from proceeding with the shareholder vote on the Proposed Merger or consummating the Proposed Merger, unless and until the Company discloses the material information discussed above which has been omitted from the Proxy;

C. Directing the Defendants to account to Plaintiff and the Class for all damages sustained as a result of their wrongdoing;

D. Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and expert fees and expenses;

E. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all issues so triable.

Dated: March 17, 2017

Respectfully submitted,

By: */s/ Balon B. Bradley*

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